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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

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RELEASED

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Dear Mr. Wilson:

In response to your request of June 17, 1971, we have examined into the information sent to you by Mr. L. A. Sies, an employee of the Naval Air Rework Facility, North Island, San Diego, California. Mr. Sies claimed that usable reworked bearings, excess to the current needs of the Rework Facility, were being disposed of as scrap because a Navy instruction did not permit their return to the Navy supply system.

We interviewed Mr. Sies, discussed the matters included in this report with officials at the Rework Facility, and reviewed instructions and other pertinent documents.

Our examination showed that the Navy instruction and current procedures provided for the use, in all feasible instances, of reworked bearings in the repair and overhaul processes at the Rework Facility. Those reworked bearings not needed for current jobs, or not anticipated to be needed for jobs in the foreseeable future, either are transferred to another rework facility which has a need for such bearings or are determined to be excess to all known needs and are disposed of as scrap.

We have confirmed that the Navy instruction does not permit reworked bearings to be returned to the Navy supply system, because, at the present time, there is a lack of standardization throughout the Navy pertaining to (1) inspection procedures, (2) quality control, and (3) qualifications of rework personnel. As a result, assurance does not exist that reworked bearings will be equivalent to new bearings.

We were told that, if reworked bearings were returned to the supply system as bearings that were usable but not equivalent to new, they would have to be given different Federal Stock Numbers to distinguish them from new bearings and to identify each application which they were qualified for and that additional catalog and price data would have to be established. We were told also that these and other supply system changes would involve a substantial cost.

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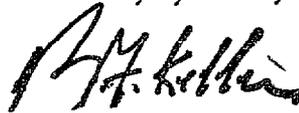
In our review of past disposal of bearings, we were unable to determine the quantity and value of the bearings because of the absence of records. At the time of our review, however, there were 5,621 bearings on hand which were scheduled for disposal and were valued at about \$13,000, or less than \$3 a bearing. We were informed that this low unit cost was representative of the cost of bearings that were normally reworked at North Island.

Our examination showed that it was possible that some of the bearings, valued at about \$8,100, could be used by either North Island or other rework facilities for future repair jobs. Although procedures required, among other things, that bearings be retained for future repair jobs, North Island was considering only past use, rather than future use, in this instance. Supervisory personnel told us, when apprised of the potential use for the bearings, that corrective action would be taken.

Under existing procedures, in which reworked bearings are not returned to the Navy supply system, there might be some disposal of reworked bearings that could be used within the Navy. Because of the low unit cost of these bearings and the costs involved in effecting changes to the supply system to account for all reworked bearings, however, we believe that the Navy's current policy of not returning reworked bearings to the supply systems is appropriate.

We are returning the correspondence which you sent us, as you requested. We shall be pleased to discuss this matter with you further, if you should so desire.

Sincerely yours,



Acting Comptroller General
of the United States

Enclosure

The Honorable Bob Wilson
House of Representatives